

Office of the Governor
VIRGINIA FEDERAL ACTION CONTINGENCY TRUST (FACT) FUND
Guidance for 2014-15 Applicants

July 2014

Overview:

Authority for the FACT Fund: The Federal Action Contingency Trust (FACT) Fund and FACT Fund Advisory Commission ("Advisory Commission") were established by Item 470.K.1.-5., Chapter 2 and Item 469.J.1.-3., Chapter 3, 2012 Acts of Assembly, Special Session I.

Availability of 2014-15 FACT Fund funding: During the 2014 Reconvened Session, the Governor vetoed the reversion of undesignated and unobligated balances of the FACT Fund, estimated at \$4,361,600, that had been initially approved by the 2014 General Assembly. This action had the effect of restoring this funding to the FACT fund which is now available for 2014-15 FACT Fund grants.

Purpose of the 2014-15 FACT Fund grants: Given the limited amount of funding available, the purpose of the 2014-15 grant funding is limited to addressing the effects of encroachment upon military or security installations in Virginia.

Advisory Commission: In 2012, the General Assembly created an Advisory Commission, composed of General Assembly members, to assist in the review of the FACT Fund requests. The Senate Finance Committee Chairman and House Appropriations Committee Chairman appointed the members of the Advisory Commission. The Advisory Commission is composed of five members from the Senate Finance Committee, including Chairman Walter A. Stosch, and five members of the House Appropriations Committee, including Chairman S. S. Chris Jones

Eligible Applicants: Virginia local governments (hereinafter "Applicant") that have had or have pending identifiable or measurable negative impacts caused by encroachment upon military or security installations located in Virginia.

2014-15 Application Process:

Application Forms: Each Applicant must submit a 2014-15 FACT Fund grant application no later than 5:00 p.m. on July 31, 2014. The application will consist of a completed Form FF-2. Applicants must also certify within the Form FF-2 proof of matching funds (letter signed by Chairman of governing board indicating the amount and source of the non-state funds that will be used to match the requested FACT grant) and identify the fiscal agent (Department or local agency) who will receive the FACT Fund grants on behalf of the Applicant. The Form FF-2, this Guidance document and any amendments or updates thereto will be available on the Secretary of Finance's website: <http://finance.virginia.gov>.

Application Submission: Applicant must submit the Form FF-2 electronically to the Office of the Secretary of Finance along with any supporting materials no later than 5:00 P.M. on July 31, 2014. Please direct all FACT Fund grant applications and questions regarding grant applications to: John Crooks, Department of Planning and Budget, Commonwealth of Virginia, 1111 East Broad Street, Richmond, VA 23219, telephone: (804) 786-6316 or email: john.crooks@dpb.virginia.gov.

Role of the Executive Department and Advisory Commission: Analysts within the agencies of the Secretariat of Finance will conduct a preliminary analysis of all 2014-15 FACT Fund grant applications to ascertain which application meets the basic purposes of the 2014-15 FACT Fund grants, and to determine the extent to which negative impacts caused by encroachment might be addressed by the use of a 2014-15 FACT Fund grant. Other state agencies/staff may be

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utilized for their expertise, as needed, to complete the preliminary assessment. These preliminary assessments will then be forwarded to the Governor's Chief of Staff for review. Upon review, a determination will be made as to which grant applications are appropriate for consideration by the Advisory Commission. The Advisory Commission will be provided a list of all received FACT Fund grant applications, regardless of whether they are approved or denied. The Advisory Commission will review FACT Fund grant applications it receives from the Office of the Governor as soon as practical and provide recommendations to the Governor as to whether a request should be granted or denied. Upon request, the Advisory Commission may ask each Applicant to make a presentation prior to making recommendation to the Governor. The final determination on whether to grant any request will rest with the Governor. Notifications to those Applicant's whose requests are denied will be mailed out shortly after a decisions are made.

Criteria for Consideration:

The following are general guidelines that must be followed for 2014-15 FACT Fund grant applications to be considered:

ITEM I. General Information

Location: Only Localities (cities, towns and counties) within the Commonwealth are eligible for 2014-15 FACT Fund grant awards.

Purpose: An eligible 2014-15 FACT Fund grant application must clearly identify how encroachment has had or will have an adverse economic impact on the Applicant. Each application must include at a minimum a map and description of the encroachment area, the number of properties within the area, number of properties already procured within the area due to encroachment and source of funding used in those procurements, number of properties pending procurement due to encroachment and estimated costs of such properties, and other pertinent information thought to be illustrative of the need for a grant award.

Dollar Amount Categories of Assistance: The total available funds for this application equal the \$4,361,600 in discretionary FACT Fund expenditures. All applications will be evaluated on an individual basis and exceptions to criteria can be made.

Term of Grant: Each Applicant shall describe the expected duration of the proposal and term of grant. The term of this grant application should be consistent with the expectations of how the Commonwealth's FACT Fund monies and the matching fund resources will be expended during the term of this grant proposal. However, the term cannot extend past June 30, 2016 because that is the termination date of the appropriation authorization as of the date of these guidelines. Preferences will be given to those grant proposals that can be completed in a shorter period with a demonstrable impact that benefits the Commonwealth. All grantees must return to the Commonwealth half of all proceeds received from the sale or lease of any properties acquired using grant funds.

Prerequisites for Submitting an Application: Each Applicant should keep in mind that the total for all discretionary grants made available through the FACT Fund for the 2014-15 grant period cannot exceed \$4,361,600. Therefore, alternative solutions to requesting FACT Fund grants should have been considered. If a request for FACT Fund monies is made as one element of a solution, the Applicant should include a concise summary of the plan that has been

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developed to meet all the unmet needs of a particular Applicant's efforts to mitigate the effects of encroachment in the impacted locality.

ITEM II. Required Analysis and Justification for Grant:

Within each application, the Applicant will need to complete the following Items:

- A. Describe in detail all prior and current efforts to find, apply for and request alternative funding solutions to address the negative impact for which the Applicant is applying for a FACT Fund grant.
- B. Provide a map and description of the encroachment area, the number of properties within the area, number of properties already procured within the area due to encroachment and source of funding used in those procurements, and any other pertinent information thought to be illustrative of the need for a grant award.
- C. Provide justification for the requested grant dollar amount, and include quantitative information regarding the negative effect on the Applicant to be addressed as a result of the encroachment and include the methodology used to calculate the costs of the requested FACT Fund grant. At a minimum the justification should include the number of properties within the encroachment area to be procured under the grant and estimated costs of such properties.
- D. Provide a specific plan of action as to: (i) how the money will be spent (itemized budget) and (ii) how long the term of the FACT Fund grant period will be. Include a specific timeline.
- E. Provide a description as to how the Applicant will measure the success of the effort if this FACT Fund grant were to be funded. How will the FACT Fund grant help the Applicant carry out the purpose of the application in Item I. within Virginia?

Ineligible Categories of Assistance:

Applicants that submit grant applications shall be ineligible if the application does **not** provide unconditionally available matching funds of at least 100% of the requested FACT Fund grant amount.

ITEM III. Matching Funds: The matching funds requirements stipulate that:

- A. All Applicants must present and verify at least a 100% unconditionally available match for the amount of the FACT Fund grant requested. For example, if the applicant applies for \$100,000, the applicant must supply verification of a minimum of \$100,000 in matching funds. The higher the match percentage to the grant application requested amount, the more favorably the application may be viewed. Please be aware that the required unconditionally available match must be certified to the Secretary of Finance prior to the FACT Fund monies being released. This certification may require certification by the both the matching fund source and/or the fiscal agent for the matching fund source, i.e. financial institution holding the matching funds.
- B. The match must be in cash, cash equivalent (securities which can be converted to cash within 30 days and be expensed equally with grant funding).

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- C. The match must be from local or private sources or a combination, thereof. "Local" means funds from local governments, other local entities and federal funds. The match shall exclude any direct or indirect state funds, including those from an agency, authority, political subdivision or other state-related entity. For example, an Applicant could not claim funds from the Virginia Tobacco Indemnification and Community Revitalization (TICR) Commission as matching funds for purpose of a FACT Fund grant.
- D. The match must be unconditionally available from the date the grant application is approved until the end of the grant period. The match must be verified by the Applicant fiduciary agent and/or the applicable financial institution. If the match is not readily and unconditionally available by the end of 30 days from the date the FACT Fund grant is approved, the grant will be released to be returned to the FACT Fund grant pool and available to another applicant.(Did we do this in the past for encroachment purpose?)
- a. Monies received and spent prior to the effective date of the FACT Fund grant are not eligible to be counted as a match.
 - b. If available funds were used to meet the match requirement for any state grant issued by any previous appropriation act, they may not be used to satisfy the new FACT Fund grant matching requirements, even if they are still available. In other words, matching funds cannot be counted twice for FACT Fund and other state grants.
 - c. The matching funds must be for the same purpose for which FACT Funds grant is requested. This means that the proposed expenditure of the matching funds must be the same as that for the FACT Fund monies.

ITEM IV. Pass-Throughs: The FACT Fund grant application shall be for the Applicant submitting the application. A combination of local governments may submit a joint application provided one participating local government is designated as "Chief Applicant" and as "Fiscal Agent" for processing any approved grant. All participating localities should sign off on a cover letter to be transmitted with the joint application.

Application submission: Applications should be submitted on the form entitled: "2014-15 Application to Virginia Federal Action Contingency Trust Fund." Applications require the signature and certification of need from a representative from the Applicant, source of matching funds and fiscal agent.

Management of Received Applications by the Office of the Governor:

- Upon receipt of an application, a unique identifying number will be assigned to the application.
- Before formally acting on a submitted application, a representative of the Governor may request clarification of submitted information or ask for new information.
- Award letters (including denial) will be sent to the Applicant. Close attention should be paid to any stipulations for use of the funds or documentation that funds were used properly.
- Most awards will be sent electronically to the fiduciary agent named in the Applicant's application. However, some awards may be sent by a check sent to the fiduciary agent.

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- Notification will be provided to the chairmen of the Senate Finance Committee and House Appropriations Committee within 10 days of the Governor's final decision to award money from the FACT Fund reserve.

ITEM V. Post-award Responsibilities and Reporting Requirements of Applicants Receiving Grant Awards:

- Applicant should maintain an individual case file for each application made.
- The case file should contain documentation concerning the appropriate expenditure of the grant award made.
- Case files should be kept for three years from the date of award.
- Applicant must disclose fully all grant records upon request by the Commonwealth (i.e., state audits).
- Applicant must supply a progress report or oral presentation upon request of the Commonwealth and deliver a Final Report to the Governor within 30 days of the date that the term of grant expires, which shall include how the grant was expended and the resulting measure. The term of the grant will be included in the approval of the FACT Fund grant application. Any FACT Fund monies not expended by the expiration of the grant term shall be returned to the FACT Fund no later than 30 days upon grant expiration, unless otherwise approved by the Governor.